



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 6, 2011

### **S. 572**

**A bill to amend title 38, United States Code, to repeal the prohibition on collective bargaining with respect to matters and questions regarding compensation of employees of the Department of Veterans Affairs other than rates of basic pay, and for other purposes**

*As ordered reported by the Senate Committee on Veterans' Affairs on June 29, 2011*

S. 572 would expand the collective bargaining authority of certain employees of the Veterans Health Administration (VHA). Under current law, the Secretary of Veterans Affairs has the discretion to appoint certain personnel to VHA—such as physicians, nurses, dentists, and physician assistants—and to set their hours and conditions of employment. Such employees are prohibited from collectively bargaining over matters pertaining to professional conduct or competence, peer reviews, or compensation. S. 572 would relax those restrictions by allowing collective bargaining over compensation issues excluding rates of basic pay.

Based on information from VHA, CBO expects that under the bill about 80,000 employees of the agency's roughly 250,000 employees would be able to collectively bargain over forms of compensation such as special pays (which are based on performance, cost of living, or market conditions), awards and bonuses, and overtime or special scheduling arrangements. Compensation for VHA employees is funded through annual appropriations and will total almost \$20 billion in 2011, CBO estimates. Under the bill, VHA's personnel costs could increase in several ways; for example, employees could negotiate bonuses or performance awards, higher rates for overtime pay, and higher special pay for employees in specialties that are in high demand. However, CBO has no basis upon which to estimate the likelihood or potential magnitude of those effects.

Enacting S. 572 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 572 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Dwayne M. Wright. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.